



State of Arizona
Department of Education

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Addendum to National School Lunch Program Equipment Assistance Grant – Instructions

Additional Clarification Points for Equipment Purchases

- OMB Circular A-87, Attachment B, section 15.a.(1) defines “capital expenditure” as the acquisition cost of a piece of equipment, then proceeds to define “acquisition cost” as “the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in, or excluded from the acquisition cost in accordance with the governmental unit’s regular accounting practices.” In short, the acquisition cost of a piece of equipment includes all costs necessary to place the equipment in service. The per-unit capitalization threshold (whether the \$5,000 Federal one or a lower State/local one) is applied to the acquisition cost to determine whether the acquired item is “equipment.”
- Acceptable costs include those that are reasonably required to procure new equipment and place it in service including delivery, installation, testing, disposition of the old equipment, and reasonable contracted labor costs associated with renovation of equipment.

Example: The costs associated with the delivery of a replacement refrigerator to a school, installation of the replacement refrigerator to existing wiring and plumbing, and disposal of the old refrigerator is allowable.

- Smaller items may not be grouped together to meet the Federal or State or local equipment definition threshold. Unless an item is required to put the equipment into operation, as described above, an LEA cannot combine smaller items to meet the Federal, State or local equipment threshold.
- The equipment purchased must be used to support the NSLP operations of the LEA. Equipment may not be purchased exclusively for programs outside of the NSLP. However, when an LEA participates in other school meal programs (such as the School Breakfast Program, Afterschool Snack Program, FFVP, or the Summer Food Service Program), in addition to the NSLP, those other meal services may benefit from the purchased equipment.

Example: An LEA participating in the NSLP and School Breakfast Program purchases a new refrigerator, food items for both Federal Programs may be stored in the refrigerator.

- The purchase of equipment for newly constructed schools is allowable as long as the LEA's proposal for purchasing the new equipment meets one of the focus area(s) of the grant application.
- The Buy American provision does not apply to the purchase of equipment under this grant opportunity.
- Applications for equipment purchases that will have a pro rata share for multiple program uses are not prohibited. However, the LEA must furnish evidence that the grant's share of the cost is proportionate with the benefit the LEA's Federally assisted school food service operations will receive from the equipment's use. In other words, the ARRA grant must not be allowed to subsidize other activities of the LEA that also use the equipment.

Example: A cooler truck used to transport school meals between school sites and to transport meals to senior centers by the Department of Aging. Additionally, priority will be given to LEAs that will purchase equipment that solely benefits the school meal programs.

- Grant funds may not be used for kitchen renovations. Kitchen renovations are considered building construction costs, which cannot be paid from the nonprofit school food service account. Such costs must be paid from the school district's General Fund, a capital projects fund, etc.
- LEAs that contract with a Food Service Management Company (FSMC) or caterer may apply for this grant opportunity. When an LEA contracts with an FSMC and the FSMC acts on behalf of the LEA, the FSMC must adhere to the same Federal, State and local procurement requirements that are required of the SFA itself (7 CFR Part 210). Also, any equipment assistance grant requests from LEAs that contract with a caterer must use the requested equipment to benefit the school and not the caterer, and the equipment must remain on the property of the school/LEA.
- Equipment that is purchased for serving lines must be for serving reimbursable meals only. Equipment for use in serving lines that primarily serve/offer competitive foods (see 7 CFR Section 210.11) may *not* be purchased. A-la-carte items are competitive foods, so any equipment purchased for a serving line that primarily serves/offers a-la-carte items is unallowable.
- Residential Child Care Institutions (RCCIs) are eligible for this grant opportunity.
- Transportation vehicles that fit into a focus area are allowable equipment costs.
- Grant funds are to be used solely to purchase needed school food service equipment and may not be used to pay for indirect costs or audit set-asides.

- LEAs shall comply with 7 CFR Part 210.21, 7 CFR Part 3016 and 7CFR Part 3019, as applicable, which implement the applicable Office of Management and Budget Circulars, concerning the procurement of all goods and services with nonprofit school food service account funds.
- While SFAs may use *many* equipment specifications from *many* different companies as a reference in writing their solicitation documentation, the following requirements must be followed:
 - SFAs must not allow any company that plans to bid on the procurement, or its representatives, to write the specifications.
 - SFAs must also refrain from inadvertently picking up specific equipment specifications found in a company's feature list as this will also exclude that company from competing as it restricts open and free competition and is prohibited.

Using one company's specification, which that company has developed or drafted, is anticompetitive and limits the products the SFA or school could award a bid for: and therefore is a prohibited procurement method. It is in the vital interest of an SFA and school to have the largest number of approved products from multiple manufacturers to secure the quality desired at the most competitive price.

As stated in 7 CFR section 3016.60, "in order to ensure objective contractor performance and eliminate unfair competitive advantage, **a person that develops or drafts specifications, requirements, statements of work, invitations for bids, requests for proposals, contract terms and conditions or other documents for use** by a grantee [State agencies] or subgrantee [SFA and local schools] in conducting a procurement under the USDA entitlement programs specified in Sec. 3016.4(b) [i.e., Child Nutrition Programs] **shall be excluded from competing for such procurements.**

Such persons that develop or draft specifications, requirements, statements of work, invitations for bids, requests for proposals, contract terms and conditions or other documents are **ineligible for contract awards resulting from such procurements regardless of the procurement method used.**

However, prospective contractors may provide grantees or subgrantees with specification information related to a procurement and still compete for the procurement if the grantee or subgrantee, **and not the prospective contractor**, develops or drafts the specifications, requirements, statements of work, invitations for bid, and/or requests for proposals used to conduct the procurement."